SaskPower

The Board's priority is to ensure all members receive the pension benefits to which they are entitled.

This report summarizes certain provisions of the Power Corporation Superannuation Plan. Please note that this report does not create any rights to benefits not provided for in the actual terms of the Plan. In the event of any conflicts or omissions, the legal requirements of the Power Corporation Superannuation Plan will govern in all cases.

Contents

Message from the Chair 2

Plan overview 3

Plan demographics 3

Pension communications 4

Significant events in 2001 5

Ad hoc increase 5

Plan governance 5

Role of Board 5

Board composition 6

Board and management 6

Independent experts 6

Investment highlights 8

Investment strategy 8

Investment policy 8

Investment performance 9

Financial highlights 10

Actuarial valuation 10

Actuarial methodology and assumptions 11

Actuarial opinion and cost certificate 12

Report of management 13

Auditors' report 13

Financial statements 14

Notes to financial statements 16

Schedule of investments 26

Five-year review 27

Glossary 30

Message from the Chair

I have the honour to present the Power Corporation Superannuation Plan (the Plan) annual report for the year ending December 31, 2001. The report provides an overview of the financial health of the plan and touches upon a number of relevant topics of interest.

Certainly, 2001 was a year unlike any other. Due to a slowing global economy and the tragic events of September 11, the year turned out to be a very poor one for financial markets. The Plan closed the year with approximately $695 million invested in stocks and bonds, in both domestic and foreign capital markets. This represents a decrease of $33 million from the previous year.

In difficult years, it is important to note that regardless of the return on Plan assets, legislation ensures that if assets are not sufficient to provide pension benefits, the payments will be made from SaskPower revenues.

An ad hoc increase of 2.0% was declared in 2001 and applied to the pensions paid by the Plan. This is the fifth consecutive year that an ad hoc increase has been declared. Even though the Plan is not indexed, this brings the total number of ad hoc increases to 12 in the past 17 years.

It is with sadness that I report the Power Corporation Superannuation Board lost one of its members with the passing of Wayne Lambert. Wayne was a strong voice for superannuates and his numerous contributions will be missed.

William P. Hyde, Chair
Power Corporation Superannuation Board

Plan overview

The Power Corporation Superannuation Plan (the Plan) is a defined benefit pension plan that originated with the passing of *The Power Commission Superannuation Act, 1944. The Power Corporation Superannuation Act* (the Act), passed in 1950, governs the defined benefit pension plan. The Plan is maintained by the Saskatchewan Power Corporation (SaskPower) for employees who were hired prior to October 1, 1977, and who did not elect to transfer to the defined contribution plan before October 1, 1978.

A defined benefit plan guarantees the members' basic pension regardless of the financial status of the Plan. The value of the members' basic pension depends on a number of factors, including salary and years of service at retirement. Optional pension forms require additional factors such as a member's age and the age of their spouse.

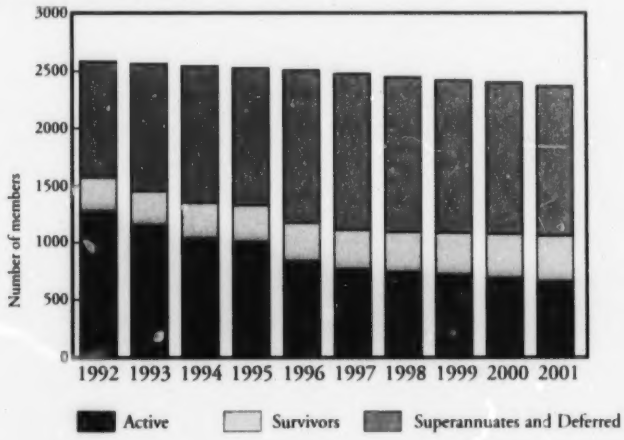
The Plan is financially sound and holds a well-diversified portfolio of debt and equity investments. Net assets totaled $698 million at year-end. While a large portion of the Plan's assets are in Canadian companies, the Plan also has equity investments in other countries. This diversification helps to maximize the return on the Plan's assets and minimize the impact of volatility in individual markets.

Plan demographics

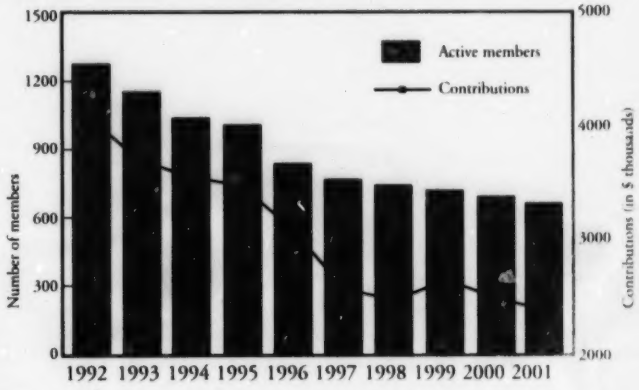
The Plan has been substantially closed to new members since October 1, 1977. The number of active members has decreased steadily over the years, primarily through retirement. The average service time for active members is 28.5 years. Therefore, it is expected that the number of active members in the Plan will continue to decrease in the future, as more members begin to receive a pension.

Approximately 71% of the total Plan membership is receiving benefits from the Plan. In 2001, there were 1,688 people receiving a pension, 25 people eligible for a deferred pension and 661 active members.

Plan membership



Active membership and contributions



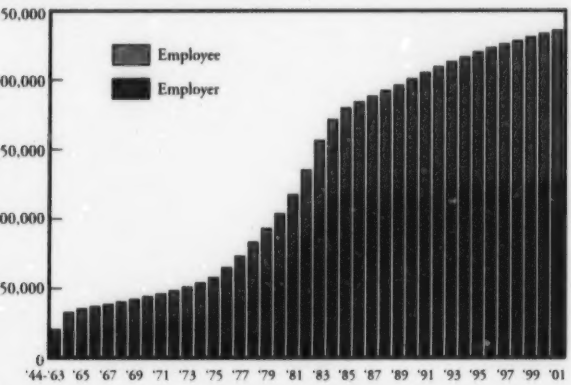
Included in the Plan's active membership are SaskPower employees and employees of SaskEnergy or other corporations that have been designated

institutions by the Lieutenant-Governor in Council. Effective June 28, 2001, these institutions are required to make contributions at a rate recommended by the Plan actuary.

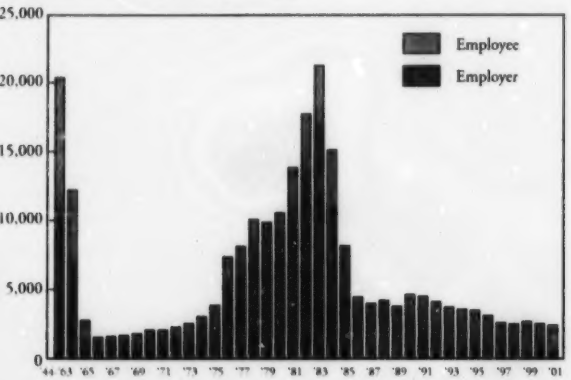
During the year, the Plan paid approximately $38 million in benefits. The average annual pension payment is $22,664.

Both the members and the employers (SaskPower and designated institutions) have contributed to the funding of the Plan. In 2001, the Plan received contributions of approximately $2.4 million, comprised of $1.9 million from employees and $0.5 million from the institutions. Since the inception of the Plan, the cumulative total of employer contributions has been 53%; the cumulative total of employee contributions has been 47%.

Cumulative contributions



Annual contribution profile



An actuarial valuation is conducted annually to ensure that the Plan assets and contribution levels are adequate to provide long-term benefits. As the corporation responsible for providing the retirement benefits, SaskPower uses these reports to determine its funding requirements.

As the Plan continues to mature, the ratio of active members to pensioners will continue to decline. This maturation is also evident in the increasing cost of pensions compared to contributions, making the Plan more reliant on investment returns.

The priority of the Power Corporation Superannuation Board (the Board) is to ensure that all members receive the secure benefits to which they are entitled. To deliver the pension promise, the Board serves as a vital governance check to ensure that investment returns are maximized and the Plan's assets are managed prudently.

Pension communications

In order to improve members' understanding of the Plan provisions and to communicate significant legislative changes in a timely manner, a pension communication committee was formed. The committee is comprised of superannuate, union and management representation. During the past four years, the committee distributed the *Pension Update* newsletter to all Plan members.

An annual report is also provided to all Plan members. The Plan's financial statements, investment performance, actuarial valuation assessment and membership profile are among the items highlighted in the report.

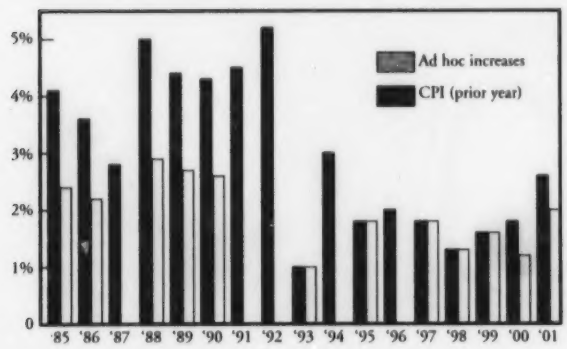
Significant events in 2001

Ad hoc increase

Although the Plan is not formally indexed, the Government of Saskatchewan annually reviews the level of pensions paid to superannuates. As a result of this review, the Lieutenant-Governor in Council may declare an increase up to the average of the Consumer Price Index (CPI) for Saskatoon and Regina in the previous calendar year, subject to the maximum increase permitted under *The Income Tax Act.*

These increases are commonly called ad hoc increases and are made on a one-time only basis with no promise of future increases. Ad hoc increases have been granted in 12 of the past 17 years. The most recent ad hoc increase of 2.0% was declared in 2001 and applied to pensions paid by the Plan.

Ad hoc increases



Plan governance

The Board is responsible for the overall governance and administration of the Plan.

Role of Board

The Board selects the Plan's actuary, custodian and investment managers, and sets the investment policy of the fund. The Board is responsible for the stewardship of the Plan, overseeing the identification and management of principal risks, monitoring the performance of investment managers, adopting procedures that provide effective communication and ensuring the integrity of internal controls. In addition, Board members must ensure they comply with the provisions of *The Power Corporation Superannuation Act, The Superannuation (Supplementary Provisions) Act* and *The Superannuation Acts Uniform Regulations.*

The Board is responsible for the sound investment and professional administration of the Plan on behalf of its members, superannuates and sponsors. Board members review the Plan's investment policies and performance, evaluate the pension liabilities and ensure that the Plan's financial statements accurately reflect the financial position. The Board also monitors the Plan's administration to satisfy itself that members and superannuates receive the benefits to which they are entitled as per governing legislation.

The Board bases its investment policy decisions on comprehensive research, input from expert advisors and thorough discussion among Board members.

The Board oversees the administration of the Plan and the investment strategy used to manage the pension fund. Membership includes representatives of Plan members and Plan employers as well as superannuates.

Board composition

Bill Hyde, Chair
Vice-President, Human Resources, SaskPower

Jim Fink
Superannuate, SaskPower

Pat Hall
Chief Financial Officer
NorthPoint Energy Solutions Inc.

Wayne Lambert
Superannuate representative,
Power Pioneer Association Inc.

Wendy McCullough
Manager, Compensation and Benefits,
SaskEnergy representative

Ken Pielak
Employee representative (CEP), SaskEnergy

Brian Ross
Employee representative (IBEW), SaskPower

Mel Watson, a member of the SaskPower Board of Directors, and Jack Shepherd, a member of the Power Pioneer Association Inc., both participated in an observer capacity throughout 2001.

The Board suffered a great loss during the year with the passing of Wayne Lambert. Wayne was appointed to the Board on December 5, 2000, and represented the Power Pioneer Association Inc. His contributions and insight regarding management of the Plan were greatly appreciated and will be missed.

Board members bring a diverse set of experience and attributes to the Plan. Board members are provided a comprehensive, ongoing education and training program. They are appointed by the Lieutenant-Governor in Council pursuant to *The Power Corporation Superannuation Act.*

Board members serve in a voluntary capacity and do not receive compensation for their services from the Plan. They are, however, reimbursed for travel-related expenses by the Plan sponsor, SaskPower.

Board and management

Although the Board is responsible for overseeing the administration of the Plan, SaskPower management is responsible for day-to-day operations. Management is expected to act within the approved Board policies and directives.

SaskPower staff are involved in monitoring the activities of the investment managers and reviewing the asset mix on a monthly basis. They also serve as the primary contacts for member queries. SaskPower management reports to the Board on a regular basis, providing details of financial transactions, investments, retirement benefit activity and overall Plan performance.

Independent experts

The Statement of Investment Policies and Goals (the Policy) provides guidelines for the investment and monitoring of Plan assets. The investment guidelines were established to earn the best possible return on investments based on a level of risk acceptable to the Board. The Board reviews the policy annually and changes are made as necessary.

The Policy outlines a governance structure that allows the Board to retain the services of independent experts to assist them in fulfilling their responsibilities. The Board retains independent actuarial, investment and accounting professionals, and an independent custodian.

The Board is required to meet semi-annually with the investment advisor and each of the investment managers to discuss investment performance, strategies and expected future performance. As well, the Board meets with the actuary to review assumptions and valuation results and with the Plan's external auditor before and after the annual audit of the financial statements.

In 2001, the Board convened quarterly to review the financial results and the performance of the Plan as well as retirement benefit activity.

Investment managers

Investment managers at December 31, 2001, were:

ASSET CLASS	INVESTMENT MANGER
Canadian equity	*Jarislowsky Fraser Limited*
Canadian equity and bond	*Greystone Capital Management Inc.*
Bond	*Perigee Investment Counsel Inc.*
International equity	*Templeton Management Limited*
International equity	*Vontobel (affiliate of Greystone Capital Management Inc.)*
U.S. S&P 500 equity index	*Northwater Capital Management Inc.*

Investment managers are chosen with respect to their expertise and style within a particular asset class. The Board has a formal agreement with each investment manager that contains an investment mandate formulated to optimize the risk/return profile for each asset class for which the manager is responsible. The investment managers devise and implement an investment strategy within their mandates and report the results to the Board on a quarterly basis.

Investment advisor

The Board has retained Towers Perrin to provide an analytical review of the total fund, asset classes and the investment managers' performance, relative to peers and Plan benchmarks. The investment advisor monitors each manager's style and risk characteristics, comments on the acceptability of performance and advises the Board on overall investment policy and management that would best achieve the Plan objectives.

Custodian

The Board has retained CIBC Mellon Global Securities Services Company as the custodian for the Plan. As custodian, the company holds custody of the assets of the Plan and is responsible for executing investment transactions and collecting income. The custodian ensures that investment income is collected and provides record-keeping services for the Plan.

A new tender for custodial services was distributed to various institutions throughout Canada. The results of this process should be known by early 2002.

Actuary

The role of Aon Consulting Inc. is to prepare annual actuarial valuations for accounting purposes, provide the Board with information regarding administration of the Plan, and make recommendations related to policies on benefits and funding. The actuarial opinion and cost certificate is found on page 12.

Auditor

External auditors are contracted to perform annual audits of the Plan's fiscal year-end financial statements prepared by SaskPower management. The audit focuses on the existence, completeness and valuation of Plan assets, the measurement of Plan income and expenses and the fairness of presentation in accordance with Canadian generally accepted accounting principles. In accordance with professional standards, the auditor communicates with the Plan's actuary and reviews the actuarial report for consistency with other information reviewed in the course of the audit.

Deloitte & Touche conducted an independent examination of the Plan's year-end financial statements. The firm's professional opinion on the

financial statements is found in its auditors' report attached to the financial statements.

Investment highlights

Investment strategy

The investment objective of the Plan is to meet current and future pension payment obligations. The assets of the Plan are invested in a diversified portfolio that will generate adequate and consistent returns to meet both current and future financial obligations. The funds are placed with a number of investment managers who then invest in a wide range of securities and asset classes. Each manager is assigned a specific sector, including Canadian equities and bonds, and progress is monitored against a pre-determined benchmark. By combining different types of investments in a portfolio, fluctuations in the markets are minimized and the risk of having a large loss of capital is reduced.

Investment policy

The Plan has a Statement of Investment Policies and Goals (the Policy) approved by the members of the Power Corporation Superannuation Board. The Policy reflects the philosophy of diversification and protection of capital and provides guidance to the investment managers. The purpose of the Policy is to outline investment principles, guidelines and monitoring procedures that are appropriate for Plan governance. The Policy conforms to applicable legislation and the specific characteristics of the Plan.

The Policy has set a target mix of 55% equity and 45% fixed income. The actual mix at any one time, however, may differ from this target due to fluctuations in the market. Foreign equity content is set at 30%.

The Policy has the following objectives:

- to ensure the Plan has sufficient assets to meet future pension obligations;
- to optimize the risk/return relationship of the Plan; and
- to generate sufficient cash flow to meet ongoing pension payments.

Monitoring Plan performance is a key activity in supporting the investment objectives. The Policy outlines a benchmark portfolio comprised of market index assets weighted at the same asset allocation that is normal for the Plan. While broadly diversified, the benchmark portfolio emphasizes equity investments over fixed income on the basis of substantial evidence that, over time, equities provide superior returns. The Plan's primary objective is to achieve a return superior to the following asset mix benchmark:

Benchmark portfolio composition

ASSET CLASS	MARKET INDEX	WEIGHT
Bonds	*Scotia Capital Markets Universe*	*45%*
Canadian equities	*Nesbitt Burns TSE 10% capped index*	*25%*
International equities	*Morgan Stanley Capital EAFE index*	*20%*
U.S. equities	*Standard & Poor's 500 total return index*	*10%*
		100%

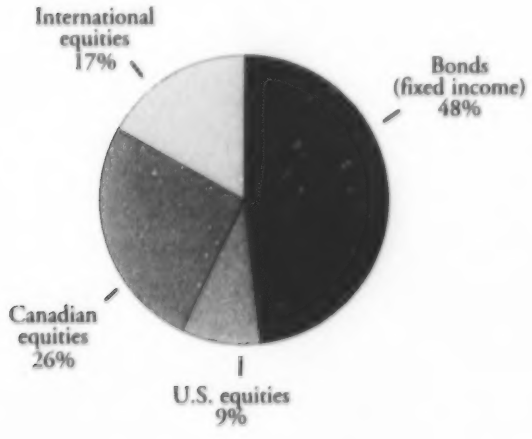
A secondary objective for the Plan return is to achieve a long-term rate of return of the average increase in the Consumer Price Index (CPI) for Canada plus 4% per annum. These two objectives should be viewed as

an average annual compound rate to be sought over one or more complete capital market cycles, i.e., over a four- to ten-year period.

To ensure diversification and risk control, the Policy sets out guidelines for asset mix, individual equity/bond holdings, industrial sector holdings, debt ratings and bond duration. The Plan's foreign diversification is 26% and remains within Canada Customs and Revenue Agency's foreign content limit through the use of instruments that replicate the investment performance of the S&P 500 index. This type of investment allows for greater diversification and moderation of risk.

The actual allocation of assets in 2001 conformed to the guidelines of the Policy as shown in the following graph:

Asset allocation 2001

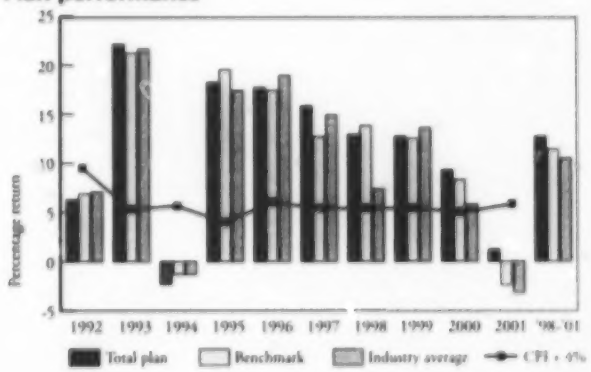


Investment performance

The Plan's performance is measured by comparing its return to that of the benchmark portfolio. Measuring performance against other pension plans is also a useful indication of investment performance. During 2001, the return on Plan assets of 1.2% was in the top 50% of all pension plan returns in Canada. This was above the benchmark average of minus 2.4% as well as the industry average of minus 3.2%.

A common standard within the pension fund industry is to calculate performance on a four-year cycle. This longer-term measure has greater relevance and lower volatility than a one-year measurement. Over the period 1998-2001, the Plan averaged an annual return of 8.9% as compared to the industry average mix return of 6.2% and the benchmark portfolio return of 7.5%.

Plan performance



The graph illustrates that returns fluctuate from year to year. The underlying volatility of individual asset class returns is even more pronounced. The Policy sets out a diversification strategy designed to mitigate the effects of this volatility. As a result, the Plan's returns have historically been more stable than the returns of any single asset class. Additionally, Plan returns have

been achieved at risk levels that are lower than the average pension fund portfolio.

Financial highlights

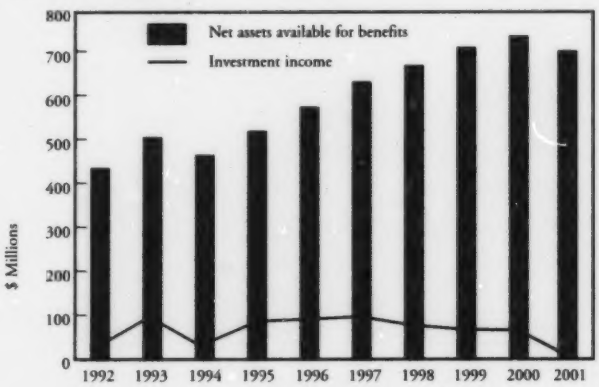
2001 was a difficult year for both foreign and domestic financial markets. The year began with concerns that the global economy was slowing and that an economic recession might be approaching. As the year progressed, a number of companies began laying off employees and cutting back on planned spending, both of which increased concern over the strength of the economy. Finally, after the tragic events of September 11, global markets witnessed a sharp decline because of uncertainty regarding the long-term implications of terrorist attacks.

The Plan's net assets available for benefits totaled $698 million as at December 31, 2001, a net decrease of $34 million over the previous year. This decrease is attributable to the following:

CHANGES IN NET ASSETS (in millions)	2001	2000
Income		
Investment income	*$ 28*	*$ 32*
Change in market values of investments	*(25)*	*30*
Contributions	*3*	*3*
	6	*65*
Expenditures		
Benefits	*38*	*38*
Administrative expenses	*2*	*2*
	40	*40*
Increase (decrease) in net assets	*$ (34)*	*$ 25*

In both years the Plan paid $38 million in benefits and $2 million in administrative expenses. The administrative expenses represent fees paid to the investment managers and custodian for managing and recording the Plan's investments. These fees are based on the market value of assets under management. The cost of these services is 0.23% of the market value of the total assets in 2001, as compared to 0.25% in 2000.

Plan growth



Actuarial valuation

The obligation of any defined benefit pension plan is to fulfill its pension promise, a promise to provide lifetime periodic payments to eligible retired members. Meeting the promise requires a sound financial base. To assess the financial status of the Plan, an actuarial valuation for accounting purposes is performed annually.

Pension plans are unique in terms of the financial reporting of assets and liabilities. Pension plans must be able to meet financial obligations – in the form of benefits – that may not be paid for many years. As a result, the Plan's liabilities are determined on an actuarial basis. The Plan's assets are determined using market prices.

ACTUARIAL SURPLUS (In millions)	2001	2000
Net assets available for benefit	*$698*	*$732*
Accrued pension benefits	*640*	*630*
Actuarial surplus	*58*	*102*

In 2001, the Plan recognized an actuarial surplus of $58 million for financial statement reporting purposes, compared to $102 million for the previous year. The accrued pension benefits remained relatively unchanged from the previous year, while net assets available for benefit decreased by $34 million. This decrease is primarily a result of investment earnings that were less than expected.

The actuarial surplus is a measure of the financial health of the Plan and provides a cushion against volatility in financial markets as well as changes in interest rates and inflation. The pensions of all Plan members are guaranteed by SaskPower, regardless of the financial performance of the Plan's assets.

Actuarial methodology and assumptions

In completing an actuarial valuation, certain future events must be considered. A number of assumptions are made and the future events are deemed to occur according to these assumptions. This methodology is called a best estimate actuarial valuation because it attempts to arrive at the most likely outcome.

The economic assumptions are based on published five-year forecasts, investment policy and specific characteristics of the Plan membership, with extrapolation to the end of the benefit period.

BEST ESTIMATE VALUATION ECONOMIC ASSUMPTIONS	2001-05	2006+
Discount rate	*6.75%*	*6.75%*
Expected rate of return on plan assets	*7.60%*	*7.60%*
Rate of compensation increases	*2.75 - 4.00%*	*4.00%*
Inflation	*2.25 - 3.00%*	*3.00%*
Ad hoc increases (% of CPI)	*50.00%*	*50.00%*

To value the liabilities, the actuary examines the Plan's demographics – the age, length of service and salary ranges of the membership. Information is processed on active members, deferred members and pensioners, and surviving spouses who receive benefits from the Plan. In addition, mortality, disability, and termination of employment data are reviewed and factored into the valuation assumptions.

While the actuarial assumptions used to estimate the Plan's liabilities are a best estimate of future events, it is inevitable that the Plan's future experience will differ from the estimates. Any differences between the actuarial assumptions and future experience will emerge as gains or losses and will affect the financial position (surplus or deficit) of the Plan. For example, if the actual inflation rate differs from the assumed rate by 0.5%, the pension liability and the financial position will change by $17 million.

Actuarial opinion and cost certificate

Aon Consulting Inc. was retained by the Power Corporation Superannuation Board (the Board) to perform an actuarial valuation of the assets and the going concern liabilities of the Power Corporation Superannuation Plan (the Plan) as at September 30, 2001, for accounting information purposes based on Section 3461 of the CICA Handbook. As part of the valuation, we examined the Plan's recent experience with respect to the non-economic assumptions and presented our findings to the Board. In addition, we provided the Board with statistical, survey and other information used to develop their long-term economic assumptions. The discount rate used for accounting purposes was determined in accordance with Section 3461 of the CICA Handbook.

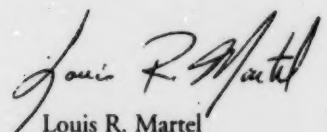
The valuation of the Plan's actuarial liabilities was based on:

- membership data provided by the Saskatchewan Power Corporation as at September 30, 2001;
- methods prescribed by the Canadian Institute of Chartered Accountants for pension plan financial statements; and
- assumptions about future events (for example, future rates of inflation) which represent management's best estimate of these events.

The objective of the financial statements is to fairly represent the financial position of the Plan on September 30, 2001, as a going concern. While the actuarial assumptions used to estimate liabilities for the Plan's financial statements represent management's best estimate of future events, and while in our opinion these assumptions are reasonable, the Plan's future experience will inevitably differ, perhaps significantly, from the actuarial assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations, and will affect the financial position of the Plan, and the contributions required to fund it, at that time.

We have tested the data for reasonableness and consistency, and we believe it to be sufficient and reliable for the purposes of the valuation. We also believe that the methods employed in the valuation and the assumptions are, in aggregate, appropriate for the purposes of the valuation. Our opinions have been given, and our valuation has been performed, in accordance with accepted actuarial practice.

The results of our accounting actuarial valuation disclosed total actuarial liabilities of $637,860,000 in respect of benefits accrued for service prior to September 30, 2001, including the effect of a 2.0% ad hoc adjustment to pensions as at April 1, 2001. The market value of assets at that date was $667,469,000 indicating an accounting actuarial surplus of $29,609,000.



Louis R. Martel
Fellow, Society of Actuaries
Fellow, Canadian Institute of Actuaries
Chartered Financial Analyst

Report of Management

Management is responsible for the integrity of the financial data reported by the Plan. Fulfilling this responsibility requires the preparation and presentation of financial statements and other data using management's best judgement, estimates and appropriately selected accounting principles applied on a basis consistent with the preceding year.

Management maintains appropriate systems of internal control, including corporate-wide policies and procedures and an internal audit program, which provide reasonable assurance that the Plan's assets are safeguarded and that financial records are relevant and reliable.

The Board ensures that management fulfills its responsibility for financial reporting and internal control. The Board meets regularly to review audit, internal control and financial reporting matters with management and external auditors. The Board has reviewed the financial statements.

On behalf of Management,

William P. Hyde
Vice-President, Human Resources
SaskPower

Troy King
Acting Controller, Corporate and Financial Services
SaskPower

Auditors' Report

To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of net assets available for benefits of the Power Corporation Superannuation Plan as at December 31, 2001 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 2001, and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants
Regina, Canada
March 6, 2002

M121

IMPORTANT NOTE CONCERNING THE FOLLOWING PAGES

THE PAGES WHICH FOLLOW HAVE BEEN FILMED TWICE IN ORDER TO OBTAIN THE BEST REPRODUCTIVE QUALITY

USERS SHOULD CONSULT ALL THE PAGES REPRODUCED ON THE FICHE IN ORDER TO OBTAIN A COMPLETE READING OF THE TEXT.

REMARQUE IMPORTANTE CONCERNANT LES PAGES QUI SUIVENT

LES PAGES SUIVANTES ONT ÉTÉ REPRODUITES EN DOUBLE AFIN D'AMÉLIORER LA QUALITÉ DE REPRODUCTION

LES UTILISATEURS DOIVENT CONSULTER TOUTES LES PAGES REPRODUITES SUR LA FICHE AFIN D'OBTENIR LA LECTURE DU TEXTE INTÉGRAL

Micromedia
ProQuest

20 Victoria Street
Toronto, Ontario M5C 2N8
Tel.: (416) 362-5211
Toll Free: 1-800-387-2689
Fax: (416) 362-6161
Email: info@micromedia.on.ca

Power Corporation Superannuation Plan

Statement of Net Assets Available For Benefits

As at December 31

(in thousands)	2000
Assets	
Investments, at market (Schedule)	
Short-term securities	$ 80,027
Bonds	315,100
Equities	332,510
Mortgages	699
	728,336
Receivables	
Employees' contributions	53
Sponsors' contributions	50
Accrued investment income	5,369
Other receivables	-
	5,472
Cash	(400)
Total assets	733,408
Liabilities	
Accounts payable	934
Net assets available for benefits	$732,474

See accompanying notes

On behalf of the Board:

William P. Hyde, Chair

Wendy McCullough

Power Corporation Superannuation Plan

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31

(in thousands)		2000
Increase in net assets		
Investment income		
Interest		
Short-term securities		$ 5,686
Bonds (Note 6)		18,298
Mortgages		55
		24,039
Dividends		7,563
Real estate income (Note 6)		456
		32,058
Increase (decrease) in market value of investments		30,279
Contributions (Note 5)		
Employees'		1,949
Sponsors'		546
		2,495
Total increase in net assets		64,832
Decrease in net assets		
Superannuation allowances		37,719
Refunds on terminations		230
Administrative expenses (Notes 6 & 7)		1,793
Total decrease in net assets		39,742
Increase (decrease) in net assets		25,090
Net assets available for benefits, beginning of year		707,384
Net assets available for benefits, end of year		$732,474

See accompanying notes

Power Corporation Superannuation Plan

Statement of Net Assets Available For Benefits

As at December 31

(in thousands)	2001	2000
Assets		
Investments, at market (Schedule)		
Short-term securities	$ 73,865	$ 80,027
Bonds	324,892	315,100
Equities	295,505	332,510
Mortgages	671	699
	694,933	728,336
Receivables		
Employees' contributions	46	53
Sponsors' contributions	44	50
Accrued investment income	3,950	5,369
Other receivables	562	-
	4,602	5,472
Cash	107	(400)
Total assets	699,642	733,408
Liabilities		
Accounts payable	1,321	934
Net assets available for benefits	$698,321	$732,474

See accompanying notes

On behalf of the Board:

William P. Hyde, Chair

Wendy McCullough

Power Corporation Superannuation Plan

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31

(in thousands)	2001	2000
Increase in net assets		
Investment income		
Interest		
Short-term securities	$ 3,346	$ 5,686
Bonds (Note 6)	18,336	18,298
Mortgages	53	55
	21,735	24,039
Dividends	6,608	7,563
Real estate income (Note 6)	-	456
	28,343	32,058
Increase (decrease) in market value of investments	(24,834)	30,279
Contributions (Note 5)		
Employees'	1,908	1,949
Sponsors'	479	546
	2,387	2,495
Total increase in net assets	5,896	64,832
Decrease in net assets		
Superannuation allowances	38,110	37,719
Refunds on terminations	345	230
Administrative expenses (Notes 6 & 7)	1,594	1,793
Total decrease in net assets	40,049	39,742
Increase (decrease) in net assets	(34,153)	25,090
Net assets available for benefits, beginning of year	732,474	707,384
Net assets available for benefits, end of year	$698,321	$732,474

See accompanying notes

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

1. DESCRIPTION OF PLAN

The following description of The Power Corporation Superannuation Plan (the Plan) is a summary only. For more complete information, reference should be made to *The Power Corporation Superannuation Act, The Superannuation (Supplementary Provisions) Act* and *The Superannuation Acts Uniform Regulations.*

a) General

The Plan is a defined benefit pension plan maintained by Saskatchewan Power Corporation (the Corporation) for those employees who were hired prior to October 1, 1977 and who did not elect to transfer to the Public Employees Pension Plan (formerly called the Public Employees (Government Contributory) Superannuation Plan), a defined contribution plan, before October 1, 1978. The Plan is administered by a seven-person Board appointed by the Lieutenant-Governor in Council.

b) Members' Contributions

Plan members contribute a percentage of their salary, at a rate based on their age when they became a contributor to the Plan following their most recent date of employment, and any agreements for an employee group, less a reduction for Canada Pension Plan contributions.

An employee makes no further contributions after 35 years of pensionable service.

c) Retirement Allowances

The Plan provides an unreduced retirement allowance at age 65 with at least 5 years pensionable service, at age 60 with at least 20 years pensionable service, or upon completion of 35 years pensionable service.

Retirement allowances are based on 2% of the best five-year average salary multiplied by the years of pensionable service, up to a maximum of 35 years. At age 65, the retirement allowance is reduced due to integration with the Canada Pension Plan from January 1, 1966.

Employees may retire with a reduced retirement allowance at age 55 with at least 30 years pensionable service, or at age 60 with at least 15 years pensionable service.

The Lieutenant-Governor in Council may increase retirement allowances up to the annual rate of increase in the CPI. The Plan increases are based upon the average of the CPI for Saskatoon and Regina in the preceding year and subject to the maximum increase permitted under *The Income Tax Act.*

d) Survivors' Allowances After Retirement

Death benefits are available to a qualifying surviving spouse in the form of a survivor allowance. A qualifying surviving spouse is the spouse at the time of retirement. The retirement allowance paid to the spouse will be based upon the member's selection at retirement.

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

Members may select the basic allowance that will pass 60% of the retirement allowance that they received to their spouse. Effective June 25, 1996, for death prior to age 65, the surviving spouse will receive 60% of the deceased member's lifetime retirement allowance, plus 60% of the amount due to Canada Pension Plan integration, until the member would have turned age 65.

Alternatively, members may select the 100% option. This is an option to commence a reduced allowance in order to pass the same allowance to the surviving spouse upon death of the member. The spouse will receive the same lifetime retirement allowance, plus the same amount due to Canada Pension Plan integration, until the member would have turned age 65.

Additional survivor benefits for dependent children may apply.

If no one is eligible to receive a survivor's allowance from the Plan, then the total of the member's contributions, plus legislated interest, less any retirement allowances paid up to the member's time of death, will be paid to the member's estate.

e) Deferred Allowances

An employee who is at least 30 years of age and has at least 10 years continuous pensionable service may elect to receive a deferred allowance upon ceasing employment with the Corporation.

Subject to re-employment limitations pursuant to *The Superannuation (Supplementary Provisions) Act*, the earliest that a deferred member with at least 10 years pensionable service and up to 20 years pensionable service may commence a retirement allowance, is at age 65. The earliest that a deferred member with greater than 20 years pensionable service may commence a retirement allowance, is at age 60.

f) Refunds and Transfers

Upon ceasing employment with the Corporation and prior to becoming eligible to receive an unreduced retirement allowance, Plan members may elect to receive a refund of their contributions plus legislated interest, as: a lump-sum payment less statutory deductions, a transfer to their registered retirement savings plan or a transfer pursuant to the terms of an existing reciprocal agreement to another registered pension plan. Members, or their family, who elect a refund whether by lump-sum payment or transfer have no further claim to the Plan.

g) Other Benefits

Under certain circumstances, members may purchase additional credited service in the Plan.

h) Income Taxes

The Plan is a registered pension plan as defined in *The Income Tax Act* and is not subject to income taxes. Retirement allowances paid from the Plan are subject to source deductions that are withheld by the Corporation and remitted to Canada Customs and Revenue Agency.

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following policies are considered to be significant:

a) Basis of Presentation

These financial statements present the financial position and results of operations of the Plan as a separate financial reporting entity independent of the Corporation and Plan members.

b) Investments

Investments are recorded as of the trade date and are stated at fair value. Fair value is the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Bonds and equities are valued using year-end market quotations. Short-term securities and mortgages are valued at cost, which approximates market. Pooled funds are valued based on the quoted market price of the underlying investments.

c) Investment Income

Investment income consists of interest on bonds, short-term securities and mortgages which is recognized as it accrues and dividend income which is recognized as of the ex-dividend date.

d) Foreign Exchange

Foreign investment purchases, sales, and income are recorded in Canadian dollars at exchange rates in effect at the transaction date. Foreign-denominated investments and accrued investment income are translated at year-end exchange rates. The unrealized gains and losses arising from this translation are included in the statement of changes in net assets available for benefits as part of the increase in market value of investments.

3. INVESTMENTS

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from maturing bonds and investment returns into a diversified pool of assets such as Canadian and foreign equities, money market securities and bonds.

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) Credit Risk

Credit risk arises from the potential for an investee or for a counterparty to default on its contractual obligation to the Plan. The Plan limits the credit risk by dealing with counterparties that are considered to be high quality. The credit ratings used to describe the following securities are based on the Dominion Bond Rating Service.

Short-Term Securities

The Plan invests in short-term securities that have an R1 (high quality) or equivalent rating. At December 31, 2001, the Plan held Canadian dollar denominated investments of $10 million (2000 – $11 million) maturing within 2 to 157 days (2000 – 2 to 256 days) at yields of 1.9% to 3.8% (2000 – 4.7% to 5.8%) and U.S. dollar denominated investments of $64 million (2000 – $69 million) maturing within 2 to 71 days (2000 – 2 to 72 days) at yields of 1.3% to 1.8% (2000 – 5.5% to 6.5%).

The U.S. dollar denominated investments are part of an indexing strategy to earn investment returns based on the S&P 500 index using S&P 500 index futures.

At December 31, 2001, the Plan's notional amount of futures contracts was $64 million ($40 U.S. million). At December 31, 2000, the Plan's notional amount of futures contracts was $69 million ($46 U.S. million). Notional amounts are not recorded as assets or liabilities in the financial statements. They represent the amount to which a rate or price is applied to determine the amount of cash flows to be exchanged.

Exposure to credit risk is limited as these transactions are standardized contracts executed on established exchanges. The futures contracts are accounted for at market value adjusted daily and gains or losses are included in the increase in market value of investments.

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

Bonds

The Plan invests in bonds, considered to be high quality, as follows:

(in thousands)		2000	
	Years to Maturity	Market Value	Average Yield (%)
Federal bonds			
	1-5	$ 99,127	6.29
	6-10	46,102	6.92
	11-15	11,459	7.85
	20+	30,481	6.22
		187,169	
Provincial bonds			
	1-5	17,996	6.16
	6-10	23,168	6.21
	11-15	1,886	7.35
	16-20	3,872	5.90
	20+	20,918	6.32
		67,840	
Corporate bonds			
	1-5	18,690	6.29
	6-10	26,345	6.68
	11-15	8,965	6.93
	16-20	1,012	6.80
	20+	5,079	6.23
		60,091	
Total bonds		$ 315,100	

Credit Rating

Federal and federally-guaranteed bonds have a credit rating of AAA. Provincial and provincially-guaranteed bonds have a credit rating range of BBB (med) to AA. Corporate bonds have a credit rating range of BBB (med) to AAA.

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

Equities

The Plan's equity investments are held as portfolio investments and are generally readily marketable. Investments are generally limited to stocks that are publicly traded on a recognized securities market.

c) Foreign Currency Risk

Foreign currency exposure arises from the Plan's holdings of foreign equities and U.S. dollar denominated short-term securities.

	Investments		% of Plan Investments	
(in thousands of Canadian dollars)	[redacted]	2000	[redacted]	2000
Canadian short-term securities denominated in U.S. dollars (1)		$ 68,953		9.5
Foreign equities:				
International equities (2)		67,863		9.3
Non-North American pooled fund (3)		69,532		9.5
Total foreign equities		137,395		
Total foreign currency exposure		$ 206,348		28.3

(1) These investments are part of an indexing strategy for which Northwater Capital Management Inc. was retained to manage. The intent of the indexing strategy is to replicate the S&P 500 index total returns.

(2) Templeton Management Limited is retained to invest Plan assets in international equities on a segregated basis.

(3) These assets are pooled equity funds and are part of the Greystone Capital Management Inc. (GCMI) mandate. GCMI has delegated the management of these funds to Vontobel.

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

Bonds

The Plan invests in bonds, considered to be high quality, as follows:

(in thousands)		2001		2000	
	Years to Maturity	Market Value	Average Yield (%)	Market Value	Average Yield (%)
Federal bonds					
	1-5	$ 94,875	5.91	$ 99,127	6.29
	6-10	18,866	5.70	46,102	6.92
	11-15	8,732	7.37	11,459	7.85
	20+	44,594	6.22	30,481	6.22
		167,067		187,169	
Provincial bonds					
	1-5	32,146	5.60	17,996	6.16
	6-10	13,513	6.05	23,168	6.21
	11-15	-	-	1,886	7.35
	16-20	3,858	5.90	3,872	5.90
	20+	19,627	6.20	20,918	6.32
		69,144		67,840	
Corporate bonds					
	1-5	33,360	6.40	18,690	6.29
	6-10	27,812	6.63	26,345	6.68
	11-15	11,316	6.89	8,965	6.93
	16-20	1,040	6.90	1,012	6.80
	20+	10,153	6.64	5,079	6.23
		88,681		60,091	
Total bonds		$ 324,892		$ 315,100	

Credit Rating

Federal and federally-guaranteed bonds have a credit rating of AAA. Provincial and provincially-guaranteed bonds have a credit rating range of BBB (med) to AA. Corporate bonds have a credit rating range of BBB (med) to AAA.

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

Equities

The Plan's equity investments are held as portfolio investments and are generally readily marketable. Investments are generally limited to stocks that are publicly traded on a recognized securities market.

c) Foreign Currency Risk

Foreign currency exposure arises from the Plan's holdings of foreign equities and U.S. dollar denominated short-term securities.

	Investments		% of Plan Investments	
(in thousands of Canadian dollars)	**2001**	2000	**2001**	2000
Canadian short-term securities denominated in U.S. dollars (1)	**$ 64,186**	$ 68,953	**9.2**	9.5
Foreign equities:				
International equities (2)	**63,060**	67,863	**9.1**	9.3
Non-North American pooled fund (3)	**53,777**	69,532	**7.7**	9.5
Total foreign equities	**116,837**	137,395		
Total foreign currency exposure	**$ 181,023**	$ 206,348	**26.0**	28.3

(1) These investments are part of an indexing strategy for which Northwater Capital Management Inc. was retained to manage. The intent of the indexing strategy is to replicate the S&P 500 index total returns.

(2) Templeton Management Limited is retained to invest Plan assets in international equities on a segregated basis.

(3) These assets are pooled equity funds and are part of the Greystone Capital Management Inc. (GCMI) mandate. GCMI has delegated the management of these funds to Vontobel.

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

4. OBLIGATIONS FOR PENSION BENEFITS

The present value of accrued pension benefits is determined using the projected benefit method prorated on service and reflects management's best estimates of future investment performance, wage and salary escalation, age at retirement and future pension indexing up to the rate of inflation. An actuarial valuation for accounting purposes was prepared as of September 30 for both years by Aon Consulting Inc. and was then extrapolated to December 31.

The actuarial present value of accrued pension benefits is deducted from the net assets available for benefit to calculate the actuarial surplus. The actuarial present value of accrued pension benefits as at December 31 and the principal components of changes in actuarial present values during the year are as follows:

Actuarial Present Value of Accrued Pension Benefits

(in thousands)	2001	2000
Balance, beginning of year	$ 630,433	$ 633,477
Interest accrued on benefits	42,558	41,587
Benefits paid	(38,517)	(37,949)
Changes in actuarial assumptions	(9,579)	(18,717)
Experience losses and other	8,914	5,498
Benefits accrued	6,841	6,537
Balance, end of year	640,650	630,433
Net assets available for benefit	698,321	732,474
Actuarial surplus (1)	$ 57,671	$ 102,041

(1) The actuarial surplus is based on the value of net assets available for benefit and estimated pension liabilities as at December 31 of each year and does not take into account any estimate for future pension liabilities that might accrue as a result of future years of pensionable service.

The assumptions used in determining the actuarial value of accrued pension benefits were:

	2001	2000
Discount rate	6.75%	6.75%
Expected rate of return on plan assets	7.60%	7.60%
Long-term inflation rate	3.00%	3.25%
Current year rate of compensation increases	2.75%	2.50%
Remaining service life (years)	6.99	7.92

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

The current year and previous year valuations assume pensions will be indexed in the future by the Lieutenant-Governor in Council at 50% of the annual rate of increase in the CPI.

If future pensions are indexed at 40% of the annual rate of increase in the CPI, the actuarial present value of benefits would decrease from $641 million to $623 million. With future pension indexing at 60% of the rate of increase in the CPI, the actuarial present value of benefits would increase to $659 million.

Pension liabilities are exposed to the long-term expectation of rate of return on the investments as well as expectations of inflation and salary escalation. As at December 31, 2001, assuming constant inflation and salary escalation assumptions, a 0.5% change in the discount rate would result in a change in the pension liabilities of approximately 5.2%.

5. FUNDING POLICY

In accordance with *The Power Corporation Superannuation Act*, the Corporation contributes such amounts as are necessary to fund the payments provided by the Plan. Some Plan members are employees of other corporations that have been designated by the Lieutenant-Governor in Council as institutions. For these corporations, effective June 28, 2001, an actuary will determine the required employer contribution for their active Plan members.

6. RELATED PARTY TRANSACTIONS

a) Administration

As indicated in Note 7, certain administration costs are paid by the Corporation.

b) Investments

	Investments		Investment Income	
(in thousands)	**2001**	2000	**2001**	2000
Province of Saskatchewan bonds	**$4,443**	$3,821	**$205**	$178
Equity in SaskPen (1)	-	-	-	402

(1) SaskPen Properties Ltd. is a real estate corporation owned by Government of Saskatchewan managed public sector pension plans. In 2000, the Plan sold its holdings of SaskPen Properties Ltd. and is therefore no longer a shareholder.

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

4. OBLIGATIONS FOR PENSION BENEFITS

The present value of accrued pension benefits is determined using the projected benefit method prorated on service and reflects management's best estimates of future investment performance, wage and salary escalation, age at retirement and future pension indexing up to the rate of inflation. An actuarial valuation for accounting purposes was prepared as of September 30 for both years by Aon Consulting Inc. and was then extrapolated to December 31.

The actuarial present value of accrued pension benefits is deducted from the net assets available for benefit to calculate the actuarial surplus. The actuarial present value of accrued pension benefits as at December 31 and the principal components of changes in actuarial present values during the year are as follows:

Actuarial Present Value of Accrued Pension Benefits

(in thousands)	2000
Balance, beginning of year	$ 633,477
Interest accrued on benefits	41,587
Benefits paid	(37,949)
Changes in actuarial assumptions	(18,717)
Experience losses and other	5,498
Benefits accrued	6,537
Balance, end of year	630,433
Net assets available for benefit	732,474
Actuarial surplus (1)	$ 102,041

(1) The actuarial surplus is based on the value of net assets available for benefit and estimated pension liabilities as at December 31 of each year and does not take into account any estimate for future pension liabilities that might accrue as a result of future years of pensionable service.

The assumptions used in determining the actuarial value of accrued pension benefits were:

	2000
Discount rate	6.75%
Expected rate of return on plan assets	7.60%
Long-term inflation rate	3.25%
Current year rate of compensation increases	2.50%
Remaining service life (years)	7.92

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

The current year and previous year valuations assume pensions will be indexed in the future by the Lieutenant-Governor in Council at 50% of the annual rate of increase in the CPI.

If future pensions are indexed at 40% of the annual rate of increase in the CPI, the actuarial present value of benefits would decrease from $641 million to $623 million. With future pension indexing at 60% of the rate of increase in the CPI, the actuarial present value of benefits would increase to $659 million.

Pension liabilities are exposed to the long-term expectation of rate of return on the investments as well as expectations of inflation and salary escalation. As at December 31, 2001, assuming constant inflation and salary escalation assumptions, a 0.5% change in the discount rate would result in a change in the pension liabilities of approximately 5.2%.

5. FUNDING POLICY

In accordance with *The Power Corporation Superannuation Act*, the Corporation contributes such amounts as are necessary to fund the payments provided by the Plan. Some Plan members are employees of other corporations that have been designated by the Lieutenant-Governor in Council as institutions. For these corporations, effective June 28, 2001, an actuary will determine the required employer contribution for their active Plan members.

6. RELATED PARTY TRANSACTIONS

a) Administration

As indicated in Note 7, certain administration costs are paid by the Corporation.

b) Investments

	Investments		Investment Income	
(in thousands)	[redacted]	2000	[redacted]	2000
Province of Saskatchewan bonds	[redacted]	$3,821	[redacted]	$178
Equity in SaskPen (1)	[redacted]	-	[redacted]	402

(1) SaskPen Properties Ltd. is a real estate corporation owned by Government of Saskatchewan managed public sector pension plans. In 2000, the Plan sold its holdings of SaskPen Properties Ltd. and is therefore no longer a shareholder.

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

7. ADMINISTRATION COSTS

The Superannuation (Supplementary Provisions) Act permits the Board to engage technical and professional advisers, specialists and consultants for the purposes of managing, investing and disposing of Plan assets, with the related costs to be paid by the Plan.

a) Administration

The costs to administer the Plan are borne by the Corporation and are therefore not reflected in the Plan financial statements. The costs typically paid for by the Corporation include audit, actuarial and consulting fees as well as general administration costs. However, investment management and custodial fees are paid by the Plan.

The Board has developed, with the assistance of its consultant, Towers Perrin, specific investment policies and guidelines to which the investment managers must adhere when making investment decisions. The consultant fees were paid by the Corporation.

b) Investment Management Services

Greystone Capital Management Inc., Jarislowsky Fraser Ltd., Templeton Management Limited, Perigee Investment Counsel Inc. and Northwater Capital Management Inc. invested the monies of the Plan during the year, under a contract to provide services.

c) Custodian Services

The custodian for the Plan assets is responsible for the processing and handling of investment transactions. Custodian services were provided by CIBC Mellon Global Securities Services Company.

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

8. INVESTMENT PERFORMANCE

The investment manager makes the day-to-day decisions on whether to buy or sell specific investments in order to achieve the long-term performance objectives set by the Board. The Board reviews the investment performance of the Plan in terms of the performance of the benchmark portfolio over a rolling four-year period. The Plan's benchmark has been determined using the actual returns of market indexes such as the Scotia Capital Markets Universe index, Nesbitt Burns TSE 300 10% capped index, Morgan Stanley Capital International Europe, Australia, Far East index and the S&P 500 index. The primary long-term investment performance objective for the entire portfolio is to out-perform a benchmark portfolio.

The following is a summary of the Plan's investment performance as provided by Towers Perrin:

	Annual Return		Rolling Four-Year Average Annual Return	
	[redacted]	2000	[redacted]	2000
Plan's actual rate of return		9.3%		12.7%
Plan benchmark		6.8%		11.4%

9. COMPARATIVE FIGURES

Certain amounts for the prior year have been reclassified to conform with current year financial statement presentation. The financial statements as at December 31, 2000, were audited by other auditors who expressed an opinion without reservation on those statements in their report dated March 1, 2001.

Power Corporation Superannuation Plan

Notes to Financial Statements

As at December 31, 2001

8. INVESTMENT PERFORMANCE

The investment manager makes the day-to-day decisions on whether to buy or sell specific investments in order to achieve the long-term performance objectives set by the Board. The Board reviews the investment performance of the Plan in terms of the performance of the benchmark portfolio over a rolling four-year period. The Plan's benchmark has been determined using the actual returns of market indexes such as the Scotia Capital Markets Universe index, Nesbitt Burns TSE 300 10% capped index, Morgan Stanley Capital International Europe, Australia, Far East index and the S&P 500 index. The primary long-term investment performance objective for the entire portfolio is to out-perform a benchmark portfolio.

The following is a summary of the Plan's investment performance as provided by Towers Perrin:

	Annual Return		Rolling Four-Year Average Annual Return	
	2001	2000	**2001**	2000
Plan's actual rate of return	**1.2%**	9.3%	**8.9%**	12.7%
Plan benchmark	**(2.4)%**	6.8%	**7.5%**	11.4%

9. COMPARATIVE FIGURES

Certain amounts for the prior year have been reclassified to conform with current year financial statement presentation. The financial statements as at December 31, 2000, were audited by other auditors who expressed an opinion without reservation on those statements in their report dated March 1, 2001.

Power Corporation Superannuation Plan

Schedule of Investments

As at December 31

(in thousands)	2001	2000
Short-term securities (Note 3)		
Canada	$ 9,679	$ 11,074
U.S.	64,186	68,953
	73,865	80,027
Bonds (Note 3)		
Government of Canada and federally-guaranteed	167,067	187,169
Provincial and provincially-guaranteed (Note 6)	69,144	67,840
Corporate	88,681	60,091
	324,892	315,100
Equities (Notes 3 & 6)		
Canada	178,668	195,115
Foreign	116,837	137,395
	295,505	332,510
Mortgages		
Conventional	671	699
	$ 694,933	$ 728,336

See accompanying notes

Power Corporation Superannuation Plan

Statement of Net Assets Available for Benefits

Five-Year Review

(in thousands)	2001	2000	1999	1998	1997
Assets					
Investments					
Short-term securities	**$ 73,865**	$ 80,027	$83,516	$78,835	$ 90,419
Bonds and debentures	**324,892**	315,100	278,045	293,401	264,718
Equities	**295,505**	332,510	331,605	278,541	258,710
Mortgages	**671**	699	725	749	771
Real estate	**-**	-	7,670	11,024	10,459
	694,933	728,336	701,561	662,550	625,077
Receivables					
Employees' contributions	**46**	53	65	60	59
Sponsors' contributions	**44**	50	56	58	65
Accrued investment income	**3,950**	5,369	3,360	3,649	4,314
Other receivables	**562**	-	16	2,347	467
	4,602	5,472	3,497	6,114	4,905
Cash	**107**	(400)	3,538	1,328	860
Total assets	**699,642**	733,408	708,596	669,992	630,842
Liabilities					
Accounts payable	**1,321**	934	1,212	4,011	1,950
Net assets available for benefits	**$698,321**	$732,474	$707,384	$665,981	$628,892

Power Corporation Superannuation Plan

Schedule of Investments

As at December 31

(in thousands)	2000
Short-term securities (Note 3)	
Canada	$ 11,074
U.S.	68,953
	80,027
Bonds (Note 3)	
Government of Canada and federally-guaranteed	187,169
Provincial and provincially-guaranteed (Note 6)	67,840
Corporate	60,091
	315,100
Equities (Notes 3 & 6)	
Canada	195,115
Foreign	137,395
	332,510
Mortgages	
Conventional	699
	$728,336

See accompanying notes

Power Corporation Superannuation Plan

Statement of Net Assets Available for Benefits

Five-Year Review

(in thousands)	2000	1999	1998	1997
Assets				
Investments				
Short-term securities	$ 80,027	$83,516	$78,835	$ 90,419
Bonds and debentures	315,100	278,045	293,401	264,718
Equities	332,510	331,605	278,541	258,710
Mortgages	699	725	749	771
Real estate	-	7,670	11,024	10,459
	728,336	701,561	662,550	625,077
Receivables				
Employees' contributions	53	65	60	59
Sponsors' contributions	50	56	58	65
Accrued investment income	5,369	3,360	3,649	4,314
Other receivables	-	16	2,347	467
	5,472	3,497	6,114	4,905
Cash	(400)	3,538	1,328	860
Total assets	733,408	708,596	669,992	630,842
Liabilities				
Accounts payable	934	1,212	4,011	1,950
Net assets available for benefits	$732,474	$707,384	$665,981	$628,892

Power Corporation Superannuation Plan

Statement of Changes in Net Assets Available for Benefits

Five-Year Review

(in thousands)	2000	1999	1998	1997
Increase in net assets				
Investment income				
Interest				
Short-term securities	$ 5,686	$ 4,133	$ 4,564	$ 1,479
Bonds and debentures	18,298	17,155	17,150	19,511
Mortgages	55	57	58	221
	24,039	21,345	21,772	21,211
Dividends	7,563	5,037	4,746	3,832
Real estate income	456	637	836	901
	32,058	27,019	27,354	25,944
Increase (decrease) in market values of investments	30,279	51,068	46,317	67,096
Contributions				
Employees'	1,949	1,919	1,923	1,981
Sponsors'	546	560	563	600
Transfers from other plans	-	180	-	-
	2,495	2,659	2,486	2,581
Total increase in net assets	64,832	80,746	76,157	95,621
Decrease in net assets				
Superannuation allowances	37,719	37,367	36,999	36,734
Refunds on terminations	230	429	496	591
Administrative expenses	1,793	1,547	1,573	839
Total decrease in net assets	39,742	39,343	39,068	38,164
Increase (decrease) in net assets	25,090	41,403	37,089	57,457
Net assets available for benefits, beginning of year	707,384	665,981	628,892	571,435
Net assets available for benefits, end of year	$732,474	$707,384	$665,981	$628,892

Power Corporation Superannuation Plan

Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Surplus

Five-Year Review

(in thousands)	2000	1999	1998	1997
Assets				
Investments	$728,336	$701,561	$662,550	$625,077
Receivables	5,472	3,497	6,114	4,905
Cash	(400)	3,538	1,328	860
	733,408	708,596	669,992	630,842
Liabilities	934	1,212	4,011	1,950
Net assets available for benefits	732,474	707,384	665,981	628,892
Actuarial present value of accrued pension benefits	630,433	633,477	610,050	573,784
Surplus [1]	$102,041	$ 73,907	$ 55,931	$ 55,108

[1] Surplus is based on the estimated value of assets and pension liabilities as at December 31 of each year and does not take into account any estimate for future pension liabilities that might accrue as a result of future years of pensionable service.

Power Corporation Superannuation Plan

Statement of Changes in Net Assets Available for Benefits

Five-Year Review

(in thousands)	2001	2000	1999	1998	1997
Increase in net assets					
Investment income					
Interest					
Short-term securities	$ 3,346	$ 5,686	$ 4,133	$ 4,564	$ 1,479
Bonds and debentures	18,336	18,298	17,155	17,150	19,511
Mortgages	53	55	57	58	221
	21,735	24,039	21,345	21,772	21,211
Dividends	6,608	7,563	5,037	4,746	3,832
Real estate income	-	456	637	836	901
	28,343	32,058	27,019	27,354	25,944
Increase (decrease) in market values of investments	(24,834)	30,279	51,068	46,317	67,096
Contributions					
Employees'	1,908	1,949	1,919	1,923	1,981
Sponsors'	479	546	560	563	600
Transfers from other plans	-	-	180	-	-
	2,387	2,495	2,659	2,486	2,581
Total increase in net assets	5,896	64,832	80,746	76,157	95,621
Decrease in net assets					
Superannuation allowances	38,110	37,719	37,367	36,999	36,734
Refunds on terminations	345	230	429	496	591
Administrative expenses	1,594	1,793	1,547	1,573	839
Total decrease in net assets	40,049	39,742	39,343	39,068	38,164
Increase (decrease) in net assets	(34,153)	25,090	41,403	37,089	57,457
Net assets available for benefits, beginning of year	732,474	707,384	665,981	628,892	571,435
Net assets available for benefits, end of year	[illegible]	$732,474	$707,384	$665,981	$628,892

Power Corporation Superannuation Plan

Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Surplus

Five-Year Review

(in thousands)	2001	2000	1999	1998	1997
Assets					
Investments	$694,933	$728,336	$701,561	$662,550	$625,077
Receivables	4,602	5,472	3,497	6,114	4,905
Cash	107	(400)	3,538	1,328	860
	699,642	733,408	708,596	669,992	630,842
Liabilities	1,321	934	1,212	4,011	1,950
Net assets available for benefits	698,321	732,474	707,384	665,981	628,892
Actuarial present value of accrued pension benefits	640,650	630,433	633,477	610,050	573,784
Surplus [1]	$ 57,671	$102,041	$ 73,907	$ 55,931	$ 55,108

[1] Surplus is based on the estimated value of assets and pension liabilities as at December 31 of each year and does not take into account any estimate for future pension liabilities that might accrue as a result of future years of pensionable service.

Glossary

Actuarial Assumptions
Estimates of future events that will affect a plan's costs for future employee's benefits. Examples of these estimates are: rates of return on plan assets, termination rates, retirement age, mortality, dependency status, future salary and benefit levels.

Actuarial Valuation
Prepared by an actuary to determine the financial status of the benefit plan. It considers the value of plan assets and determines whether the contribution rates are adequate.

Actuary
Professional trained in technical aspects of pensions.

Annuity
Periodic payments (usually monthly) provided by the terms of a contract for the lifetime of an individual (the annuitant) or the individual and his or her designated beneficiary.

Asset Allocation
The dividing of assets among different categories such as equities, bonds, real estate, and international investments.

Bonds
Long-term debt instrument from a company that provides regular interest payments to the bond-holder and repays the face value at maturity.

Counterparty
An individual or organization with whom one transacts business.

Custodian
Holds assets for safekeeping for the pension plan, may collect income and dividends and do simple reporting on assets. The custodian does not have fiduciary responsibility.

Debentures
A long-term unsecured corporate bond. Debentures are usually issued by large, profitable firms having excellent credit ratings in the financial community.

Defined Benefit Plan
Pension plan that provides a guaranteed benefit based on a formula including factors such as years of service and average earnings.

Glossary (continued)

Defined Contribution Plan
Pension plan that specifies the amount to be contributed to the plan. Contributions and time period determine the benefit.

Equities
Common stock or ownership in a company.

Fair Value
Dollar amount that two parties consider appropriate for a transaction.

Fiduciary
Person or authorized group, such as the Power Corporation Pension Board, that controls the operation of a pension plan and its assets.

Futures
Contractual agreements to either buy or sell an asset at a specified price and date in the future.

Index
Method of measuring the investment manager's performance through benchmarks of similar assets.

Joint Annuity
An annuity issued to two individuals under which payments continue in whole or in part until the death of both individuals.

Notional Value
Amount to which a rate or price is applied in order to calculate the exchange of cash flows.

Securities
Stocks, bonds and notes that give evidence to and assure the fulfillment of a commitment.

Standard & Poor's (S&P) 500
Comparison portfolio made up of common stocks that are used to measure performance of other stock funds.

Notes:

If you have any questions, please contact:

Carol Tabashniuk

Compensation and Benefits

SaskPower

Phone:	(306) 566-2177
Fax:	(306) 566-2590
Email:	ctabashniuk@saskpower.com
Mail:	10W - 2025 Victoria Avenue
	Regina, SK S4P 0S1